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STATEMENT OF
JAMES A. PLACKE
DEPUTY ASSISTANT SECRETARY
FOR NEAR EAST AND SOUTH ASIAN AFFAIRS
DEPARTMENT OF STATE
BEFORE THE SENATE COMMITTEE ON ENERGY
AND NATURAL RESOURCES
FRIDAY, JANUARY 27, 1984

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM PLEASED TO HAVE THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE ON BEHALF OF SECRETARY OF STATE SHULTZ TO REVIEW THE SECURITY SITUATION IN THE PERSIAN GULF AS IT MAY AFFECT OIL SUPPLY. CONSCIOUS OF THE CONTINUING IMPORTANCE OF GULF OIL SUPPLIES TO OUR ALLIES AND TO THE REST OF THE WORLD, THE ADMINISTRATION IS ACCORDING HIGH PRIORITY TO POLITICAL AND DIPLOMATIC POLICIES DESIGNED TO PREVENT AN ESCALATION IN THE FIGHTING BETWEEN IRAN AND IRAQ AND TO STRENGTHEN SECURITY ARRANGEMENTS TO DEAL WITH ANY ATTEMPT TO DISRUPT FREE WORLD OIL SUPPLIES.

THE IRAN-IRAQ WAR, NEARLY THREE AND ONE-HALF YEARS OLD, HAS FROM ITS BEGINNING HAD THE POTENTIAL TO AFFECT VITAL U.S. INTERESTS IN THE PERSIAN GULF REGION. SINCE THE START OF THE

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WAR. WE HAVE REGULARLY STATED THAT VITAL U.S. INTERESTS WERE AT STAKE THERE AND THAT WE WOULD TAKE THE STEPS NECESSARY TO PROTECT THEM. THE PRESIDENT AND SECRETARY SHULTZ HAVE REAFFIRMED THIS POLICY ON SEVERAL OCCASIONS.

AN ESCALATION OF THE WAR, WHETHER INVOLVING INCREASED ATTACKS ON NON-BELLIGERENT SHIPPING IN THE GULF OR ON OIL FACILITIES IN IRAN AND IRAQ OR ATTACKS ON FACILITIES IN NEIGHBORING COUNTRIES, COULD INTERFERE WITH THE PRODUCTION OF NEARLY ONE-FOURTH OF THE CRUDE OIL CURRENTLY CONSUMED IN THE FREE WORLD, NOT ALL OF WHICH COULD BE REPLACED BY OTHER SUPPLIERS. ANY PROLONGED CURTAILMENT OF OIL EXPORTS FROM THE GULF WOULD HAVE VERY SERIOUS CONSEQUENCES FOR THE ECONOMIES OF THE U.S. AND OUR ALLIES. THE GULF EXPORTERS SINCE THE LAST GULF COOPERATION COUNCIL (GCC) MEETING AT DOHA, QATAR IN NOVEMBER, 1983 ALSO HAVE MADE CLEAR PRIVATELY THAT THEY WOULD CALL ON THE WESTERN ALLIANCE TO MAINTAIN FREEDOM OF NAVIGATION IN THE GULF IF THIS WERE THREATENED. WE CONTINUE TO REGARD FREE MOVEMENT OF GULF OIL SUPPLIES AS A MATTER AFFECTING OUR VITAL INTERESTS AND THOSE OF OUR ALLIES AND THE GULF STATES.

WE REMAIN DEEPLY CONCERNED ABOUT CONTINUING THREATS TO SECURITY IN THE PERSIAN GULF ARISING FROM THE PERSISTENT DANGER THAT THE WAR COULD ESCALATE. IRAQ, WHICH IS INCREASINGLY

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FRUSTRATED BY IRANIAN INTRANSIGENCE AND CONCERNED ABOUT THE OUTCOME OF A WAR OF ATTRITION, HAS THREATENED TO INTERDICT IRANIAN OIL SHIPPING AND FACILITIES IN AN EFFORT TO BRING IRAN TO NEGOTIATE OR FAILING THIS, TO PRESSURE THE INTERNATIONAL COMMUNITY TO INTERVENE DIRECTLY IN RESPONSE TO IRANIAN COUNTER THREATS TO CLOSE THE GULF.

NUMEROUS EFFORTS TO BRING ABOUT A NEGOTIATED SETTLEMENT HAVE BEEN MADE BY PARTIES HAVING CLOSER TIES TO THE BELLIGERENTS THAN DOES THE U.S., INCLUDING THE U.N. SECRETARY GENERAL'S SPECIAL REPRESENTATIVE, SWEDISH PRIME MINISTER PALME, MEMBERS OF THE GCC AND THE ISLAMIC CONFERENCE AND THE NON-ALIGNED MOVEMENT. UNFORTUNATELY, NONE OF THESE EFFORTS HAS BEEN SUCCESSFUL WITH IRAN, WHICH SHOWS NO WILLINGNESS TO NEGOTIATE AN END TO THE WAR. WE HAVE REPEATEDLY STATED OUR STRONG SUPPORT FOR A NEGOTIATED SETTLEMENT OF THE IRAN-IRAQ WAR, BASED ON OUR RESPECT FOR THE TERRITORIAL INTEGRITY AND POLITICAL INDEPENDENCE OF BOTH BELLIGERENTS, AND OUR INTEREST IN AVOIDING ESCALATION OR WIDENING OF THE CONFLICT, WHILE REAFFIRMING OUR COMMITMENT TO MAINTAIN FREEDOM OF NAVIGATION IN THE STRAIT OF HORMUZ.

OUR POLICY ON THE WAR CONTINUES TO BE ONE OF NEUTRALITY. WE HAVE NOT SUPPLIED AND DO NOT SUPPLY WEAPONS TO EITHER

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BELLIGERENT, NOR DO WE APPROVE THIRD COUNTRY TRANSFER OF U.S. ARMS. HOWEVER, IT HAS BEEN AND CONTINUES TO BE AN OBJECTIVE OF OUR POLICY THAT NEITHER BELLIGERENT SHOULD DOMINATE THE OTHER OR THE PERSIAN GULF, NOR SHOULD EITHER COME UNDER THE INFLUENCE OF ANY THIRD PARTY, SUCH AS THE SOVIET UNION. IN THIS CONNECTION, WE ARE CONCERNED THAT THE STRATEGIC BALANCE IN THE WAR IS INCREASINGLY SHIFTING TO IRAN. TO BRING ABOUT SUCH A SHIFT, IRAN HAS BEEN PURSUING A TWO PART STRATEGY: MAINTAINING MILITARY PRESSURE THROUGH PROBING ATTACKS ALONG THE FRONTIER WITH IRAQ AND FINANCIAL STRANGULATION, BROUGHT ABOUT BY CONSTRAINING IRAQ'S OIL EXPORTS. IRAQ'S MAIN EXPORT FACILITIES ON THE GULF WERE DESTROYED BY IRAN AT THE BEGINNING OF THE WAR AND SYRIA HAS COOPERATED WITH IRAN TO KEEP CLOSED THE EXPORT PIPELINE ACROSS ITS TERRITORY WHICH WAS CARRYING 400,000 B/D PRIOR TO ITS CLOSURE IN APRIL 1982 AND HAS A CAPACITY OF 1.2 MMBD. IRAQ CURRENTLY IS ABLE TO EXPORT ONLY ABOUT 800,000 B/D ACROSS TURKEY, AND THUS ITS REVENUES ARE LESS THAN ONE HALF OF THOSE OF IRAN. THE LONGER TERM CONSEQUENCES OF THIS ECONOMIC IMBALANCE MAY CAUSE IRAQ TO ESCALATE THE WAR IN THE GULF BY ATTACKING IRANIAN OIL EXPORTS, IN HOPES THAT THE DAMAGE, OR WESTERN INTERVENTION, WOULD FORCE IRAN TO NEGOTIATE AN END TO THE WAR.

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AN IRANIAN VICTORY IN THE WAR WOULD SERIOUSLY DESTABILIZE THE REGION AND ENDANGER U.S. INTERESTS. IRAN'S INTEREST IN EXPORTING REVOLUTION AND ITS SPONSORSHIP OF TERRORIST GROUPS IS ALREADY A DESTABILIZING FACTOR AND A SOURCE OF CONCERN THROUGHOUT THE GULF. OUR POLICY IS DESIGNED TO COUNTER THE THREAT OF AN IRANIAN MILITARY VICTORY RESULTING IN AN UNACCEPTABLE SHIFT OF THE BALANCE OF POWER IN THE REGION. WE SEE A REDRESS OF THE STRATEGIC BALANCE AS THE BEST WAY TO PREVENT ACHIEVEMENT OF IRAN'S GOAL OF DOMINATION OF IRAQ AND TO BRING IRAN TO THE NEGOTIATING TABLE.

TO REDRESS THE STRATEGIC BALANCE AND TO IMPROVE LONG-TERM ENERGY SECURITY, WE SUPPORT PROPOSALS BY OTHERS FOR ADDITIONAL PIPELINE ROUTES FROM IRAQ TO EXPORT OUTLETS OUTSIDE THE PERSIAN GULF. ONE OF THESE PROPOSALS INVOLVES A 500,000 B/D LINK FROM IRAQ TO SAUDI ARABIA'S CURRENTLY UNDERUTILIZED PETROLINE TERMINATING AT THE RED SEA PORT OF YANBU AS THE FIRST PHASE OF AN EVENTUAL PARALLEL PIPELINE FOR IRAQI CRUDE. THE TWO COUNTRIES ARE PRESENTLY PROCEEDING WITH NEGOTIATIONS WITHOUT USG INVOLVEMENT. HOWEVER, IT IS POSSIBLE THAT U.S. FIRMS WOULD PARTICIPATE IN THE DESIGN, FINANCING AND CONSTRUCTION OF THE LINK.

ANOTHER POSSIBILITY WOULD BE A LINE TO TRANSPORT IRAQI OIL

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ACROSS JORDAN TO THE JORDANIAN RED SEA PORT OF AQABA. AMERICAN ENGINEERING FIRMS ARE ACTIVELY DISCUSSING THIS POSSIBILITY WITH IRAQ AND JORDAN. WE HAVE INDICATED TO IRAQ THAT WE BELIEVE THAT DIVERSIFIED OUTLETS HAVE SIGNIFICANT LONG-TERM SECURITY, AS WELL AS IMMEDIATE FINANCIAL, ADVANTAGES.

ANOTHER EXPORT OPTION WOULD BE TO DOUBLE THE CAPACITY OF THE EXISTING LINE ACROSS TURKEY BY EXTENSIVE LOOPING. WORK IS ALREADY UNDER WAY TO INCREASE THE CAPACITY OF THIS LINE TO ONE MILLION B/D BY MID-YEAR.

WE ARE TAKING DIPLOMATIC INITIATIVES TO FORESTALL ESCALATION AS WELL AS PURSUING COOPERATIVE PLANNING TO ENSURE THAT THE UNITED STATES IS ABLE TO RESPOND EFFECTIVELY, IF POSSIBLE WITH OTHERS, TO IRANIAN MILITARY THREATS. ON THE DIPLOMATIC FRONT, WE CONTINUE TO SUPPORT THE EFFORTS OF THE UNITED NATIONS AND OTHERS TO REDUCE AND TO HALT THE FIGHTING. WE BELIEVE THAT UN SECURITY COUNCIL RESOLUTION 540 OF LAST OCTOBER, WHICH CALLS FOR A CEASEFIRE IN THE GULF, PROVIDES A USEFUL FRAMEWORK WITHIN WHICH BOTH BELLIGERENTS COULD, AS A FIRST STEP, REDUCE THE LEVEL OF THE FIGHTING. (TEXT ATTACHED). A CEASEFIRE IN THE GULF WOULD SAFEGUARD OIL-RELATED FACILITIES OF BOTH COUNTRIES AND ENABLE IRAQ TO RESUME OIL EXPORTS THROUGH THE GULF, WHICH WOULD HELP SECURE ITS FINANCIAL

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POSITION. IRAN HAS REJECTED RESOLUTION 540, BUT HAS SUPPORTED PREVIOUS MEDIATION EFFORTS BY THE SECRETARY GENERAL AND WANTS AN UPDATED UN INVESTIGATION OF WAR DAMAGES, THE SUBJECT OF A PREVIOUS UN REPORT. IRAQ HAS INDICATED IT WOULD WOULD SUPPORT A NEW STUDY ONLY IF IRAN WERE TO ACCEPT RESOLUTION 540. IN THE HOPE THAT THE POSITIONS OF BOTH PARTIES ON RENEWED UN EFFORTS MAY BECOME MORE FLEXIBLE, WE ARE ENCOURAGING THE UN SECRETARY GENERAL TO EXPLORE REACTIVATING MEDIATION EFFORTS.

WE ARE INTENSIFYING OUR EFFORTS BOTH TO BRING OTHER STATES TO CEASE THEIR ARMS SALES TO IRAN, AS A MEANS OF DISCOURAGING IRAN FROM CONTINUING THE WAR, AND TO PREVENT THE TRANSFER OF U.S.-ORIGIN ARMS TO BOTH BELLIGERENTS. WE HAVE MET WITH SOME SUCCESS AND ARE CONTINUING DISCUSSIONS ON THIS MATTER.

IN EARLY DECEMBER A STATE/DEFENSE TEAM VISITED THE SIX GCC STATES (BAHRAIN, KUWAIT, OMAN, QATAR, UNITED ARAB EMIRATES, SAUDI ARABIA) TO REVIEW THE SITUATION, ESPECIALLY THE POSSIBILITY OF ESCALATION OF THE WAR IN THE GULF. THE TEAM'S PURPOSE WAS TO DISCUSS OUR DIPLOMATIC STRATEGY WITH REGARD TO THE WAR AND U.S. CAPABILITIES TO DETER OR RESPOND TO A THREAT TO GULF OIL SUPPLIES, AS WELL AS TO EXPLORE THE RECEPTIVITY OF THE GULF STATES TO JOINT PLANNING WITH THE U.S. AND OUR ALLIES FOR A POSSIBLE MILITARY RESPONSE. WE WERE WELL RECEIVED IN ALL

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SIX GCC CAPITALS, INDICATING THE MOUNTING GULF CONCERN ABOUT THE IRAN-IRAQ WAR, THE THREAT OF ESCALATION IN THE GULF AND THE POSSIBILITY OF AN IRANIAN VICTORY.

ALL SIX STATES CONCURRED WITH US THAT THE FIRST PRIORITY SHOULD BE DIPLOMATIC ACTION TO END THE WAR. THEY ALSO AGREED THAT WESTERN INTERVENTION WOULD BE NECESSARY IN THE EVENT OF IRANIAN MILITARY ACTION CLOSING THE GULF AND UNDERSTOOD THE NEED FOR REGIONAL SUPPORT. ALL THE GULF STATES HAVE LET US KNOW THAT FOR POLITICAL REASONS THEY WANT NO PUBLICITY CONCERNING SECURITY DISCUSSIONS WITH THE U.S. AND THAT ANY COOPERATION WITH US WILL REQUIRE A DISCREET, LOW VISIBILITY APPROACH. WE THEREFORE WANT TO PURSUE THESE CONSULTATIONS WITH MAXIMUM CONFIDENTIALITY. WE ARE SAYING NOTHING PUBLIC ABOUT THE SPECIFICS OF THESE CONSULTATIONS, EXCEPT THAT THEY ARE PART OF OUR ONGOING DIALOGUE WITH FRIENDLY STATES IN THE REGION. IN OUR DISCUSSIONS WITH THE GULF STATES, WE WERE ENCOURAGED BY THE REALISM WITH WHICH THESE SUBJECTS WERE DISCUSSED AND BY THEIR AVOIDANCE OF THE USUAL RHETORIC CONCERNING REGIONAL ISSUES. WE VIEW THIS SET OF CONVERSATIONS AS ONE STEP IN AN ONGOING CONSULTATION WHICH WE PLAN TO CONTINUE AT A PACE ACCEPTABLE TO EACH GOVERNMENT.

IN DECEMBER, WE ALSO CONSULTED WITH OUR MAJOR EUROPEAN AND

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FAR EASTERN ALLIES ON OUR ASSESSMENT OF THE THREAT IN THE GULF AND OUR DESIRE TO WORK WITH THEM TO PREVENT OR DEFEAT IRANIAN MILITARY MOVES ENDANGERING FREEDOM OF NAVIGATION IN THE GULF OR ACCESS TO GULF OIL. WE HAVE DISCUSSED, WITH THOSE ABLE TO PROJECT FORCE IN THE AREA, OUR OWN CAPABILITIES IN THIS REGARD. THESE CONSULTATIONS CONTINUE.

OUR INTENSE AND CONTINUING DIPLOMATIC EFFORTS HAVE, WE BELIEVE, HAD THE EFFECT OF REDUCING IRAQ'S FEELING OF INTERNATIONAL INDIFFERENCE TO THE WAR'S TRAGIC CONSEQUENCES AND OF CONSTRAINING ITS FRUSTRATION WITH IRANIAN INTRANSIGENCE FROM LEADING IT TO RASH ESCALATION OF FIGHTING IN THE GULF. IRAQ HAS MADE IT CLEAR THAT IT IS PREPARED TO FOREGO A CONCERTED ATTACK ON IRAN'S OIL FACILITIES AND SHIPPING SO LONG AS THERE IS THE IMMEDIATE PROSPECT OF MOVEMENT TOWARD A CEASE-FIRE OR A NEGOTIATED SETTLEMENT. IT HAS ISSUED NO ULTIMATUMS OR DEADLINES, BUT HAS MADE IT CLEAR THAT IT RETAINS AND EVENTUALLY MAY EXERCISE THE ESCALATION OPTION IF INTERNATIONAL PRESSURES ON IRAN HAVE NO AMELIORATING EFFECT. IN RESPONSE, WE HAVE WARNED IRAQ OF THE SERIOUS CONSEQUENCES OF ITS ESCALATION OF THE WAR IN THIS CRITICALLY IMPORTANT AREA. MEANWHILE, IRAN'S RHETORIC ABOUT CLOSING THE GULF HAS COOLED, AS COMPARED WITH LAST SUMMER. IT NOW TALKS OF RESPONSES MEASURED TO WHATEVER

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ACTIONS IRAQ TAKES IN THE GULF.

THE SITUATION REMAINS UNSTABLE AND UNPREDICTABLE, ADDING URGENCY TO OUR EFFORTS TO DETER THE SPREAD OF FIGHTING AND WIND DOWN THE WAR. OR, IF THESE ARE NOT SUCCESSFUL, TO BE IN A POSITION, ALONG WITH OUR FRIENDS AND ALLIES, TO ASSURE THE CONTINUED FLOW OF OIL TO THE FREE WORLD.

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UN SECURITY COUNCIL RESOLUTION 540

The Security Council

Having considered again the question entitled "The Situation Between Iran and Iraq",

Recalling its relevant resolutions and statements which, inter alia, call for a comprehensive cease-fire and an end to all military operations between the parties,

Recalling the report of the Secretary-General of 20 June 1983 (S/15834) on the mission appointed by him to inspect civilian areas in Iran and Iraq which have been subject to military attacks and expressing its appreciation to the Secretary-General for presenting a factual, balanced and objective account,

Also noting with appreciation and encouragement the assistance and cooperation given to the Secretary-General's mission by the Governments of Iran and Iraq,

Deploring once again the conflict between the two countries, resulting in heavy losses of civilian lives and extensive damage caused to cities, property and economic infrastructures,

Affirming the desirability of an objective examination of the causes of the war,

1. Requests the Secretary-General to continue his mediation efforts with the parties concerned with a view to achieving a comprehensive, just and honorable settlement acceptable to both sides;
2. Condemns all violations of international humanitarian law, in particular, the provisions of the Geneva Conventions of 1949 in all their aspects, and calls for the immediate cessation of all military operations against civilian targets, including city and residential areas;
3. Affirms the right of free navigation and commerce in international waters, calls on all states to respect this right, and also calls upon the belligerents to cease immediately all hostilities in the region of the Gulf, including all sea-lanes, navigable waterways, harbour-works, terminals, offshore installations and all ports with direct or indirect access to the sea, and to respect the integrity of the other littoral states;
4. Requests the Secretary-General to consult with the parties concerning ways to sustain and verify the cessation of hostilities, including the possible dispatch of United Nations observers, and to submit a report to the Council on the results of these consultations;

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5. Calls upon both parties to refrain from any action that may endanger peace and security as well as marine life in the region of the Gulf;

6. Calls once more upon all other states to exercise the utmost restraint and to refrain from any act which may lead to a further escalation and widening of the conflict and thus to facilitate the implementation of the present resolution;

7. Requests the Secretary-General to consult with the parties regarding immediate and effective implementation of this resolution.

30 October 1983